



REVENUE

PROPERTY TAX

Summary:

Residential property taxes are calculated by applying the tax rate adopted by the County Board of Supervisors, based on annual levy requirements, per \$100 to the property's assessed valuation. If a property has a full cash value of \$100,000 the assessed valuation for residential property would be 10% or \$10,000 and since the tax rate is \$2.1608, then the current calculation for the County residential property tax would be:

$$(\$100,000 \times 10\%) / 100 \times \$2.1608 = \mathbf{\$216.08}$$

An increase or decrease in assessed valuation alone does not equate to higher or lower liabilities.

The tax year is the calendar year in which the tax is levied rather than the government's fiscal year.

For example: Tax year 2014 is the tax levied in calendar year 2014 (August 2014) for the fiscal year 2014/2015 budget (beginning July 1, 2014 and ending June 30, 2015).

Analysis:

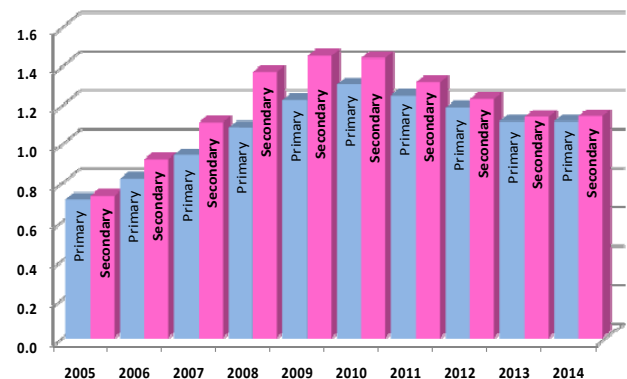
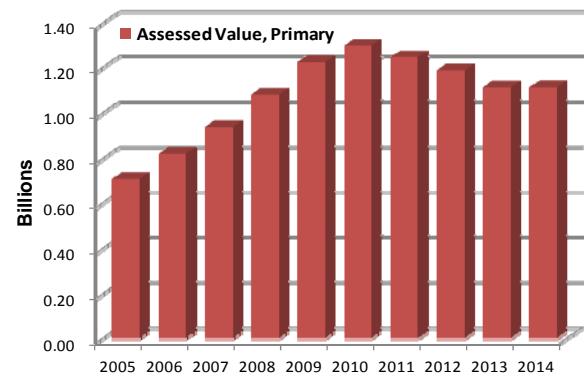
Assessed Valuation:

Primary: The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund). In tax year 2014 (fiscal year 2014/15), the net primary assessed valuation increased by \$332,248 to \$1.11 billion, new construction included, with 4.7%, or \$51,929,659, attributed to new construction.

Secondary: The secondary assessed valuation is a better indicator of market conditions since it is not restricted by statute. The secondary assessed valuation is the basis for the County's debt service (if applicable), and the Library and Flood Control District levies. The net secondary assessed valuation also increased by 0.36% to \$1.14 billion new construction included as compared to tax year 2013.

The graph to the right shows a ten year history of the County's net primary and secondary assessed valuations (in billions). The graph clearly shows that current tax year values for primary and secondary are below as compared to tax year 2010 by -14.51% and -20.80% respectively.

The graph below shows a ten year history of the county's net primary assessed valuations (general fund) by Tax Year.





REVENUE

PROPERTY TAX (Continued)

Tax Rates:

Primary: The County levies property taxes for the general fund on primary assessments and the taxes are used for general governmental services. Rate history over the last eighteen (18) years has been as follows: from fiscal year 1997/98 through 2004/05 the County had a consistent tax rate of \$2.318 per \$100 assessed valuation. In fiscal year 2005/06 through 2010-11, the County has reduced the tax rate each year arriving to a \$1.7397 per \$100 assessed valuation. Fiscal Year 2011/12 marked the first year in more than fifteen (15) years the County has increased the tax rate to \$1.8798.

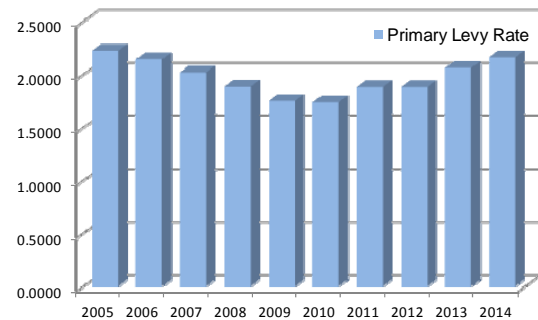
In fiscal year 2012/13, despite the increase in the cost of services, the Board of Supervisors opted to maintain same tax rate of 1.8798 per \$100 assessed valuation. However, this trend is not sustainable on an annual basis and for fiscal year 2013/14, the Board opted to increase the rate to 2.0606 per \$100 assessed valuation to maintain the fiscal year 2012/13 levy, exclusive of new construction. For fiscal year 2014/15, the Board increased the primary rate to \$2.1608 to maintain the fiscal year 2013/14 levy, exclusive of new construction.

Secondary:

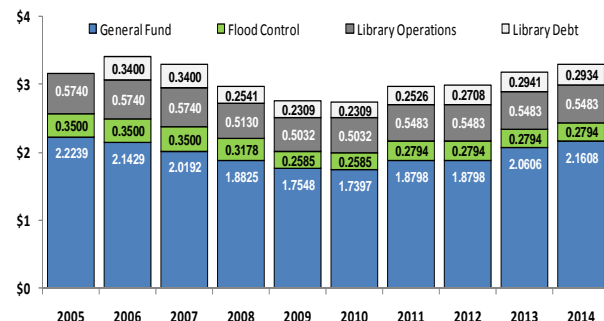
Library District: The Library District levies property taxes for the operation and maintenance of the libraries and library systems. The District levies on the secondary assessments. Rate history over the last eighteen (18) years has been as follows: from fiscal years 1997/98 through 2003/04, the District had a consistent rate of \$0.5040 per \$100 assessed valuation. In fiscal year 2004/05, the District increased the rate to \$0.5740 to coincide with the Library's master plan. That rate stayed consistent until fiscal year 2008/09 when it was reduced to \$0.5130, the rate was reduced again in fiscal year 2009/10 to \$0.5032 and maintained at that rate in fiscal year 2010/11. Following the trend established by the General Fund due to the decrease in assessed valuation, the rate was increased to \$0.5483 for fiscal year 2011/12 and continues at that rate for the current fiscal year 2014/15.

Library Debt: The Library District also levies property taxes for a voter approved initiative to acquire and construct new library facilities. The District levies on the secondary assessments. This levy is identical to the amount necessary for the annual repayment of two bond issuances beginning in 2005. The rate was originally required at \$0.3400 fiscal year 2006/07 and then gradually reduced to \$0.2309 through fiscal year 2010/11. Again mainly due to the decrease in property values and in order to meet the required payment the rate was increased to \$0.2526 in fiscal year 2011/12 and once more increased in fiscal year 2012/13 to \$0.2708 per \$100 of assessed value. In order to meet the yearly debt obligation the rate was once more increased to \$0.2941 per \$100 of assessed valuation for current fiscal year 2013/14. The rate was reduced to \$0.2934 for fiscal year 2014/15.

The graph below shows the county's ten year history of primary property tax rates (general fund) by Tax Year.



The graph below shows the County's ten (10) year history of primary and secondary property tax rates.





REVENUE

PROPERTY TAX (Continued)

Tax Rates-(Concluded):

Flood Control District: The Flood Control District levies property taxes for the acquisition, construction, operations and maintenance of Flood Control systems, this rate is currently set at \$0.2794 per \$100 assessed value. The tax rate has stayed consistent at \$0.2794 since fiscal year 2011/12.

Levies

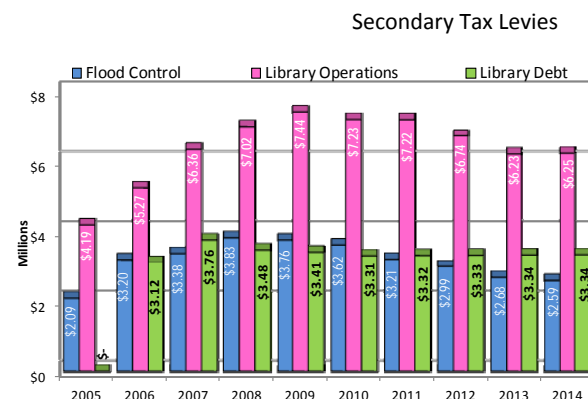
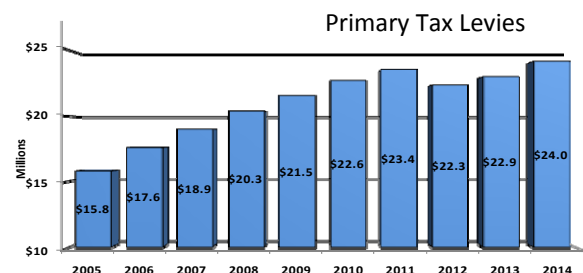
Primary: There is a strict limitation on how much a County can levy as a primary property tax. ARS 42-17051 states this levy shall be limited to an increase of 2% over the prior year's maximum allowable primary levy, plus increases due to a net gain in property not taxed the previous year (new construction). Even if the County does not adopt the maximum allowable primary levy from year to year, the 2% allowable increase will be based on the prior year's maximum allowable primary levy. The net gain in property factor is included in the calculation to take into account all new construction and any additional property added within the County.

This levy limitation was reset by the State's legislative budget session in fiscal year 2006/07. A bill was passed that reset the base year used for the limitation calculation to tax year 2005 (fiscal year 2005/06). The maximum levy changed to equal the County's prior year actual levy, plus 2%, plus new construction. If a community was at the maximum, there is no impact. This only impacted those communities that were not already at the maximum. Yuma County had historically preserved its levy capacity through sound financial planning.

While ARS 42-17051 gives the County the authority to increase the primary property tax levy by a maximum of 2% over the prior year's maximum allowable primary levy, the adopted primary property tax levy was maintained at the same level as in fiscal year 2013/14, excluding amounts attributable to new construction.

This levy is 4.9% higher than last fiscal year (2013/14). The graph to the right shows the County's primary property levies for the past ten (10) years.

Secondary: There is no statutory limitation on how much a County can levy as a secondary property tax. However, the County Board of Supervisor's has recognized how maintaining a set rate can dramatically increase individual's property taxes in times of assessed value appreciation. To better monitor this and maintain customer (the public) confidence the Board has directed the County Administrator and both the Library and Flood Control Districts to bring a self-monitoring policy for County Board adoption to put local limitations on these taxes, similar to those of the primary property tax levy limitations.



With the property tax rate for secondary property tax being the same; the Library District levy had a slight net increase of \$25,556 dollars (Library debt service included); and the Flood Control District decreased by -3.4% or (\$91,264) dollars.



REVENUE

PROPERTY TAX (Concluded)

Revenue: The Treasurer's office is responsible for collecting and distributing property taxes for the county, cities and towns, community college, school and special districts with in the County.

Property tax collections are estimated to remain above the historical average of 97.5%. For fiscal year 2014/15, the anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 98.5\% \text{ collection rate} + \text{prior year collections}$$

Total property tax revenues of \$37.5 million account for 25.6% of total revenues. It is estimated to increase by 3.1% or \$1,127,899 compared to last fiscal year 2013/14 projections.

The General fund property tax revenue collections are estimated to increase by 4.9% or \$1,111,021 compared to last fiscal year 2013/14 projections. This increase is primarily due to new construction.

The Flood Control District property tax revenue is estimated to decrease by -6.3% or (\$168,368) as compared to last fiscal year 2013/14 projections. This reduction is mainly attributed the reduction in assessed valuations as previously reported.

The Library District property tax revenue for operations is estimated to decrease 0.8% or (\$45,872) and the debt service payment is estimated to increase by 0.1% or (\$3,550) as compared to last fiscal year 2013/14 projections.

The graph to the right shows the County's property tax revenue for the last five (5) years.

County property tax revenue - in Millions					
	2010-11	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Actual	Projected	Budget
General fund - primary	\$ 23.1	\$ 24.2	\$ 23.2	\$ 22.6	\$ 23.7
Change from prior year	4.5%	4.7%	-4.0%	-2.8%	4.9%
Flood - secondary	3.5	3.2	3.0	2.7	2.5
Change from prior year	-4.9%	-9.4%	-7.4%	-10.4%	-6.3%
Lib operation - secondary	7.0	7.1	6.7	6.0	6.0
Change from prior year	-4.5%	1.5%	-6.3%	-9.5%	-0.8%
Lib debt - secondary	3.3	3.3	3.3	3.3	3.3
Change from prior year	-2.9%	0.3%	0.1%	0.3%	0.1%
Total property tax	\$ 37.0	\$ 37.8	\$ 36.2	\$ 34.6	\$ 35.5

COUNTY TPT (SALES TAX)

Summary:

The County has a 0.50% general transaction privilege (sales) tax for general uses, 0.50% for the Jail District and an increased 0.112% for the Health District. The general sales tax is general fund revenue and supports the County's general operations.

On May 15, 1995, voters approved a 0.50% transaction privilege (sales) tax to be used to acquire, construct, operate, maintain and finance county jails and jail systems. The authorization was good for 20 years to expire in 2015; however, in May 2011, Yuma County voters were asked and approved the extension of the tax and district for another 20 year term to the year 2035.

County transaction privilege (sales) tax rate by entity (in Millions)					
Fiscal Year	General Fund	Jail District	Health District	Other CIP	Yuma County
2005-06	0.50%	0.50%	0.10%	0.50%	1.60%
2006-07	0.50%	0.50%	0.10%	0.50%	1.60%
2007-08	0.50%	0.50%	0.10%	-	1.10%
2008-09	0.50%	0.50%	0.10%	-	1.10%
2009-10	0.50%	0.50%	0.10%	-	1.10%
2010-11	0.50%	0.50%	0.10%	-	1.10%
2011-12	0.50%	0.50%	0.10%	-	1.10%
2012-13	0.50%	0.50%	0.10%	-	1.10%
2013-14	0.50%	0.50%	0.10%	-	1.10%
2014-15	0.50%	0.50%	0.11%	-	1.11%

In 2006, the Board of Supervisors authorized a 0.10% transaction privilege (sales) tax for use for the operations and maintenance of the County's Health District. Due to the increasing needs for new revenues to continue providing the Health services required; the Board of Supervisors adopted the permanent implementation of the full capacity tax as permitted by Statute. The increase adopted during last fiscal year was a nominal 0.012%.